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FISCAL IMPACT STATEMENT

LS 7197

BILL NUMBER: HB 1748

NOTE PREPARED: Jan 10, 2005

BILL AMENDED:

SUBJECT: State Employee Grievances and Retiree Insurance.

FIRST AUTHOR: Rep. Budak

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill requires that appropriations to support the State Employees Appeals Commission be made by a separate line item. It provides an optional arbitration procedure for state employee grievances.

The bill requires the state to provide a group health insurance program to retired state employees who were employed as teachers and who participated in a state retirement fund: (1) for 15 years; or (2) ten years immediately preceding retirement.

The bill also reduces the requirement for retired state employees to participate in the state health benefit plans from 20 years of creditable employment (with 15 years of participation in the retirement plan and 10 years of employment immediately preceding retirement) to 15 years of creditable employment (with at least 10 years of employment immediately preceding retirement).

Effective Date: July 1, 2005.

Explanation of State Expenditures: *Line Item Appropriation:* The bill requires the appropriation for the State Employees Appeals Commission to be a separate line item in the state budget. The Commission is currently part of the Education Employment Relations Board. Having a separate line item for the Commission should have no fiscal impact.

Grievance Procedures: The bill provides an optional arbitration procedure for state employee grievances. Currently, the State Employees Appeals Commission must review a grievance before it is submitted to

arbitration. The bill allows the employee to choose to appeal to the Commission or directly to arbitration and the action of the arbitrator or the Commission is a final order subject to judicial review. The cost of arbitration currently is shared by the employer and employee and would also be shared under the bill. The change in the arbitration procedure could increase costs if more grievances went directly to the arbitration process instead of using the State Employees Appeals Commission. The increase is unknown.

Group Health Insurance for Retired State Teachers: The bill allows a state employee who taught in a state institution under the Department of Correction; the Division of Disability, Aging, and Rehabilitative Services; the Division of Mental Health; the Indiana School for the Blind; the Indiana School for the Deaf; the Indiana Soldiers' and Sailors' Children's Home; or Silvercrest Children's Development Center who retired between age 55 and 65 with 10 years of service immediately prior to retirement or 15 years as a member of the retirement fund to participate in the health insurance program for state employees. Currently, an employee would need 20 years of service to participate in the health insurance plan. A retired state employee in order to participate in the state health benefit plan is required to pay the entire premium amount (i.e., both the employer and employee share). The number of people who do not qualify currently, but would under the bill, is unknown. However, the impact would probably be minor. There are about 477 teachers in these state institutions with total salaries of about \$30.5 M.

Group Health Insurance for Retired State Employees: The bill also reduces the requirement for retired state employees to participate in the state health benefit plans from 20 years of creditable employment (with 15 years of participation in the retirement plan and 10 years of employment immediately preceding retirement) to 15 years of creditable employment (with at least 10 years of employment immediately preceding retirement). A retired state employee in order to participate in the state health benefit plan is required to pay the entire premium amount (i.e., both the employer and employee share).

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: All; Department of Personnel; For retired state teachers- Department of Correction, the Division of Disability, Aging, and Rehabilitative Services; the Division of Mental Health; the Indiana School for the Blind; the Indiana School for the Deaf; the Indiana Soldiers' and Sailors' Children's Home; and Silvercrest Children's Development Center.

Local Agencies Affected:

Information Sources: Department of Personnel Database.

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